

Rural Utilities Service, USDA

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to improve the quality of electric service or to increase the quantity of electric power available to RE Act beneficiaries.

TIER means Times Interest Earned Ratio of the borrower calculated as:

$$TIER = \frac{A + B}{A}$$

Where:

All amounts are for the same calendar year and are based on the RUS system of accounts and RUS Forms 7 and 12. References to line numbers in the RUS Forms 7 and 12 refer to the June 1994 version of RUS Form 7 and the December 1993 version of RUS Form 12, and will apply to corresponding information in future versions of the forms;

A=Interest expense on total long-term debt of the borrower, which equals Part A, Line 15 of RUS Form 7 or Section A, Line 22 of RUS Form 12a, except that interest expense shall be increased by $\frac{1}{3}$ of the amount, if any, by which restricted rentals of the borrower (Part M, Line 3 of RUS Form 7 or Section K, Line 4 of RUS Form 12h) exceed 2 percent of the borrower's equity (RUS Form 7, Part C, Line 36 [Total Margins & Equities] less Line 26 [Regulatory Assets] or RUS Form 12a, Section B, Line 38 [Total Margins & Equities] less Line 28 [Regulatory Assets]); and

B=Patronage Capital or Margins of the borrower, which equals Part A, Line 28 of RUS Form 7 or Section A, Line 35 of RUS Form 12a.

Total Assets means Part C, Line 26 of RUS Form 7 (distribution borrowers) or Section B, Line 27 of RUS Form 12a (power supply borrowers).

Total Utility Plant means Part C, Line 3 of RUS Form 7 (distribution borrowers) or Section B, Line 27 of RUS Form 12a (power supply borrowers).

Transmission Facilities means all electrical lines and related facilities, including certain substations, used to connect the distribution facilities to generation facilities. They include bulk transmission and subtransmission facilities.

Urban area is defined by the Bureau of the Census as an area comprising all territory, population, and housing units in urbanized areas and in places of 2500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in:

(i) Places of 2500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the six New England States, New York, and Wisconsin), but excluding the rural portions of "extended cities."

(ii) Census designated places of 2500 or more persons.

(iii) Other territory, incorporated or unincorporated, included in urbanized areas.

Urbanized area means an urbanized area as defined by the Bureau of the Census in notices published periodically in the FEDERAL REGISTER. Generally an urbanized area is characterized as an area that comprises a place and the adjacent densely settled territory that together have a minimum population of 50,000 people.

(b) *Rules of Construction.* Unless the context otherwise indicates, "includes" and "including" are not limiting, and "or" is not exclusive. The terms defined in paragraph (a) of this part include the plural as well as the singular, and the singular as well as the plural.

[57 FR 1053, Jan. 9, 1992; 57 FR 4513, Feb. 5, 1992, as amended at 58 FR 66263, Dec. 20, 1993; 59 FR 495, Jan. 4, 1994; 59 FR 66440, Dec. 27, 1994; 60 FR 3730, Jan. 19, 1995; 60 FR 67400, Dec. 29, 1995; 65 FR 14786, Mar. 20, 2000; 68 FR 37953, June 26, 2003]

§ 1710.3 Form and bulletin revisions.

References in this part to RUS or REA forms or line numbers in RUS or REA forms are based on RUS or REA Form 7 and Form 12 dated December 1992, unless otherwise indicated. These references will apply to corresponding information in future versions of the forms. The terms "RUS form", "RUS standard form", "RUS specification", and "RUS bulletin" have the same meanings as the terms "REA form", "REA standard form", "REA specification", and "REA bulletin", respectively, unless otherwise indicated.

[59 FR 66440, Dec. 27, 1994]

§ 1710.4 Exception authority.

Consistent with the RE Act and other applicable laws, the Administrator may waive or reduce any requirement imposed by this part or other RUS regulations on an electric borrower, or a lender whose loan is guaranteed by

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RUS, if the Administrator determines that imposition of the requirement would adversely affect the Government's financial interest.

§ 1710.5 Availability of forms.

Information about the availability of RUS forms and publications cited in this part is available from Administrative Services Division, Rural Utilities Service, United States Department of Agriculture, Washington, DC 20250-1500. These RUS forms and publications may be reproduced.

§ 1710.6 Applicability of certain provisions to completed loan applications.

(a) Certain new or revised policies and requirements set forth in this part, which are listed in this paragraph, shall not apply to a pending loan application that has been determined by RUS to be complete as of January 9, 1992, the date of publication of such policies and requirements in the FEDERAL REGISTER. This exception does not apply to loan applications received after said date, nor to incomplete applications pending as of said date. This exception applies only to the following provisions:

(1) Paragraph 1710.115(b)—with respect to limiting loan maturities to the expected useful life of the facilities financed;

(2) Section 1710.116—with respect to the requirement to develop and follow an equity development plan;

(3) Paragraph 1710.151(f)—with respect to the borrower providing satisfactory evidence that a state regulatory authority will allow the facilities to be included in the rate base or otherwise allow sufficient revenues to repay the loan;

(4) Paragraphs 1710.250(b), 1710.251(a), and 1710.252(a)—with respect to the requirement that improvements, replacements, and retirements of generation plant be included in a Construction Work Plan; and

(5) Paragraph 1710.300(d)(5)—with respect to the requirement that a borrower's financial forecast include a sensitivity analysis of a reasonable range of assumptions for each of the major variables in the forecast.

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(b) Certain provisions of this part apply only to loans made on or after February 10, 1992. These provisions are identified in the individual sections of this part.

[57 FR 1053, Jan. 9, 1992; 57 FR 4513, Feb. 5, 1992, as amended at 58 FR 66263, Dec. 20, 1993]

§§ 1710.7-1710.49 [Reserved]

Subpart B—Types of Loans and Loan Guarantees

§ 1710.50 Insured loans.

RUS makes insured loans under section 305 of the RE Act.

(a) *Municipal rate loans.* The standard interest rate on an insured loan made on or after November 1, 1993, is the municipal rate, which is the rate determined by the Administrator to be equal to the current market yield on outstanding municipal obligations with remaining periods to maturity, up to 35 years, similar to the interest rate term selected by the borrower. In certain cases, an interest rate cap of 7 percent may apply. The interest rate term and rollover maturity date for a municipal rate loan will be determined pursuant to 7 CFR part 1714, and the borrower may elect to include in the loan documents a prepayment option (call provision).

(b) *Hardship rate loans.* RUS makes hardship rate loans at the 5 percent hardship rate to qualified borrowers meeting the criteria set forth in 7 CFR 1714.8

[58 FR 66263, Dec. 20, 1993]

§ 1710.51 Direct loans.

RUS makes direct loans under section 4 of the RE Act.

(a) *General.* Except as otherwise modified by this section, RUS will make loans under the direct Treasury rate loan program in the same manner that it makes loans under the municipal rate program. The general and pre-loan policies and procedures for municipal rate electric loans made by RUS may be found in this part and 7 CFR part 1714. Treasury rate electric loans are also governed by such municipal rate policies and procedures, except as follows: